

University of Wales

Charity number: **1146516**

**Consolidated Financial Statements
For the year ended 31 July 2021**

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OPERATING AND FINANCIAL REVIEW

Members of the University's governing body, the Council, are the Trustees of the University. Those who served during the year (up to the Council meeting at which the financial statements were signed) are listed below. Attendance (%) at Council meetings in 2020/21 is provided in brackets.

The Council has formally adopted the definition of independence developed by the sector in response to the Review of Governance of the Universities in Wales. Independent members are neither registered students nor staff of the University and their appointment and responsibilities are consistent with the definition. A published Register of Members' Interests is reviewed and updated annually, and members are expected to explicitly identify at the start and end of each meeting any matters on which their interests may have a bearing. Further information is available in the Statement of Corporate Governance.

Member Ex Officio

The Vice-Chancellor (100%)

Independent Members

The Venerable A. J. Randolph Thomas (Chair) (100%)

Anthony Ball (100%)

Margaret Evans (Vice Chair) (100%)

Arwel Ellis Owen (100%)

Dr Elizabeth Siberry (100%)

Pamela Berry (100%)

Andrew Curl (100%)

Eifion Griffiths (100%)

Maria Stedman (100%)

Nigel Roberts (100%)

Deris Davies Williams (80%)

Staff Member

Dr Stuart Robb (100%)

Clerk and Secretary: Sarah Clark (100%)

OPERATING AND FINANCIAL REVIEW

Legal Status

Established by Royal Charter in 1893 (RC000676) the University is a registered charity (number 1146516). The principal office is the University Registry, King Edward VII Avenue, Cathays Park, Cardiff CF10 3NS. The names of the members of the University Council (who also act as charity trustees) are stated and disclosed in the previous page.

Professional Advisors

Independent Auditor	
External	KPMG, 3, Assembly Square, Britannia Quay, Cardiff CF10 4AX
Internal	Mazars, One Caspian Point, Pierhead Street, Cardiff CF10 4DQ
Banker	HSBC Bank plc, 56 Queen Street, Cardiff. CF10 2PX
Insurance Adviser	University Mutual Association Ltd, 4th Floor, 5 St. Helen's Place, London. EC3A 6AB
Pensions Adviser	Mercer Ltd, 1 Whitehall Quay, Whitehall Road, Leeds. LS14HR
Investment Adviser	Jaggers & Associates, Exchange Quay, Salford. M5 3EQ
Solicitor	Blake Morgan, Bradley Court, Park Place, Cardiff. CF10 3DP Eversheds LLP, 1 Callaghan Square, Cardiff CF10 5BT

Preparation of the consolidated financial statements

The consolidated financial statements for the year to 31 July 2021 have been prepared in accordance with applicable law and UK Accounting Standards, including the Statement of Recommended Practice – Accounting for Further and Higher Education 2019, the Accounts Direction for 2020/21 issued by the Higher Education Funding Council for Wales, and Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The consolidated financial statements for the year to 31 July 2021 have been prepared on a going concern basis as detailed on page 28.

Basis of Consolidation

The consolidated financial statements comprise of the University and its subsidiary companies; Awen Wales Limited, for the year to 31 July 2021. The consolidated financial statements for 2019/20 included Awen Wales Ltd and the UW Centre for Batch Manufacture Limited, from 1 August 19 to 30 June 2020, with control being passed to UWTSD on 1 July 2020.

Background

It is now over ten years since the University of Wales issued its formal Wales Pledge as it reaffirmed its commitment, as part of the formal integration of the University of Wales with UWTSD, to safeguard some of the cultural and heritage assets associated with the University. Over the last decade the University has systematically engaged in a series of structural initiatives which have safeguarded the legacy of the University. An imperative for the Governing Body has been to systematically deal with a number of legacy issues as it secured integration with UWTSD. In doing so it has, through good governance, due process and structured execution managed to successfully deliver upon a number of the key pledges articulated over a decade ago. The nature of such implementation has called upon the University to invest and disinvest in an appropriate manner, always mindful of safeguarding the cultural assets associated with the University of Wales. This has included a detailed engagement with regard to securing the future of Gregynog and allowing a new Trust to develop a future strategic plan. It also has included the continual investment in the intellectual capital capacity of the

OPERATING AND FINANCIAL REVIEW

University of Wales Press which has served Higher Education well. In the same context, the University's commitment to Celtic Scholarship has been further promoted with the University of Oxford and UWTSD. The further integration of CBM with UWTSD has also allowed the University to continue to play a role in the context of innovation and applied research as it serves the economic resilience and reconstruction mission of the Government of Wales. The University of Wales has over the last decade successfully delivered upon its core pledges and has systematically facilitated significant transformational change within the context of Welsh Government policy.

University Strategy

Since 2012, the strategy of the University has been to prepare for academic and administrative integration and merger with the University of Wales Trinity Saint David (UWTSD). In July 2017 the University Council was satisfied that the University could move to the next phase of the formal merger. Pursuant to this decision, the academic and administrative functions of the University of Wales and UWTSD were integrated through a formal Deed in August 2017.

The next phase was to be a formal constitutional merger.

Further information regarding the background to the merger can be found in previous annual reports or on the University website: www.wales.ac.uk/en/AboutUs/Developments/Developments-Merger-and-Reconfiguration.aspx

During 2021 the trustees of the University commenced discussions with officers on the implications of the new Tertiary Education Bill which the Welsh Government is currently taking through the Senedd. The establishment of a unified Tertiary Education system allows for far greater confederal engagement between universities and colleges and in that context the trustees approved a development plan which will build upon the confederal framework of the University. This in turn would establish new strategic relationships with implications for additional income streams. Building upon the success of the current integration between the University and UWTSD the trustees have given authority to officers to take forward a transitional structure which will deliver on the objectives of the Welsh Government.

Throughout the pre constitutional merger period the priorities of the University have been to manage the resources of the institution to:

- Maintain the high quality and standards of a University of Wales degree;
- Maintain the University's traditional contribution to the economic, social, cultural and intellectual wellbeing of a sustainable Wales;
- Prepare for constitutional merger with UWTSD; and
- Ensure that the University is financially sustainable and able to meet its obligations to students and to enable constitutional merger with UWTSD.

The way in which the University has continued to safeguard its legacy for future generations, remain faithful to its core values, and ensure that assets are used their intended purpose are set out in Adduned Cymru (the Wales Pledge). For more information please see the University website: www.wales.ac.uk/Resources/Documents/Merger/Adduned-Cymru-English.pdf.

Officers will be tasked with developing a new business plan over the next 12-18 months which will have regard to the potential of the new confederal arrangements and during this period the trustees are committed to maintaining the priorities listed above. Under the current income and cost commitments the University is forecast to maintain a modest surplus and cash generation in this interim period.

OPERATING AND FINANCIAL REVIEW

Public benefit statement

The University is a registered charity and its charity number is 1146516.

Delivery of the above-described strategic objectives has also met the charitable objects of the University, which are for the advancement of education, learning and research and to serve Wales and its people.

In setting and reviewing the University's objectives and activities, University Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

The operational review below sets out the University's activities in support of its strategic and charitable objectives.

Ethical investment and banking policies

University Council (as trustees of the University's endowment funds) is expected to act in the best interests of the beneficiaries of the funds for which it is responsible. The beneficiaries include the University itself, staff and students. Council's policy is to aim for the best possible financial return from investments, consistent with an appropriate risk profile, and it may exclude investments from the investment portfolios if the aims of the bodies concerned are incompatible with its objectives.

Equal opportunities

On 1 August 2017, the University adopted the equal opportunities systems and practices of UWTSD, whose commitment to equality and diversity is set out in its *Strategic Equality Plan 2016-20*. The University aims to create a culture of openness and respect in which barriers for those with protected characteristics are identified and removed. It wants its people to feel safe and valued, and to achieve their full potential for the benefit of the individual, the organisation and wider communities. It wishes to promote equality of opportunity, fair working practices, and good interpersonal relations throughout its staff and student bodies.

Environmental sustainability policy

Sustainability is at the heart of how the University does business. The University believes that environmental sustainability is the foundation of wider economic and social sustainability and is an integral part of good institutional practice. It has a duty to satisfy itself that all of its operations and activities are conducted with proper regard to the environment.

Health and Safety

There were no reportable safety incidents in 2020-21 or significant near miss events. On 1 August 2017, the University adopted the health and safety systems and practices of UWTSD, which was a smooth transition as the two institutions had previously worked closely to align arrangements during the pre-merger period.

Welsh Language

The University's Welsh Language Scheme treats the Welsh and English languages equally – with both enjoying the same status and validity in all areas of service and student, staff and public engagement. On 1 August 2017, the University adopted the Welsh language policy and practices of UWTSD, which was a smooth transition as the two institutions had previously worked closely to align arrangements during the pre-merger period. New members of staff receive Welsh language awareness training as part of induction and the training requirements of all staff are reviewed as part of the annual staff appraisal process.

OPERATING AND FINANCIAL REVIEW

Principal risks and uncertainties

The principal risks and uncertainties faced by the University are as follows:

- The continued impact of Covid-19 on the University's ongoing activities at the date of signing the accounts;
- Managing in year cash-flows, particularly in light of the impact of the timing of income receipts upon cash balances held within the University at any one point in time;
- Recruitment of collaborative partners across the international stage served by the University;
- Home/EU student recruitment and retention given uncertain economic environment and demographic trends; and
- Developing a sustainable financial strategy for discreet units that form part of the Wales Pledge.

Covid-19

The University, as is common across the Higher Education sector, is faced with a wide-reaching range of risks that have arisen purely as a result of the Covid-19 pandemic and associated lockdown measures. The impact of these risks are reflected in the results for 2020/21 and remain throughout 2021/22. It is unclear at this time as to whether the pandemic will remain as an influencing factor in 2022/23 and beyond and the University's strategy for the medium term recognises that the risk may still remain but is one of readiness to successfully operate in a post pandemic environment.

The University is working towards managing the risks posed by Covid-19 to ensure that the teaching, operations and support of the University continue and allow it to deliver on the immediate future as well as its longer-term strategic developments.

Declaration of information to auditor

Insofar as each of the members who held office at the date of approval of this report is concerned:

- a) there is no relevant audit information of which the University's auditor is unaware; and
- b) each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditor is aware of that information.

Operating Review for the year

Collaborative Provision

The University's managed exit from collaborative provision is based on three principles. These affirm that during the exit process the University will: (i) take whatever additional steps are necessary to assure the quality of provision and ensure the academic standards of its awards; (ii) fulfil its responsibility to enable students to complete their studies leading to an award in a way that is consistent with the relevant University regulations; and (iii) honour the contracts which are in place for each collaborative centre which remains in good standing.

During the reporting period, the University has seen a reduction of 52% of its student population under the validated services model and has exited from a further five collaborative centres. At the end of 2020-21, the number of students studying at collaborative centres had fallen to around 900 (down from over 28,000 when the withdrawal from collaborative provision was announced).

During the 2020-21 academic year, the University has continued to embed the new academic governance structure implemented in 2019-20, through which it has continued to ensure that its deliberative structures remain appropriate for oversight of the quality and standards of the University's academic awards. During the period, the University has received and considered 117 reports from external examiners, moderators, and University Officers considering the quality assurance and academic standards of the University's awards. The University continues to embed its systematic approach to addressing any actions arising from the reports.

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The Collaborative Partnerships Office (CPO) continues to work to support both UW collaborative centre and UWTSO Partnerships. The CPO has continued to take action to provide both general and individual support to collaborative centres and partners in the context of the COVID-19 pandemic. This has included the support of modifications to the delivery of validated programmes, as well as individually tailored support to manage risk in relation to quality assurance, academic standards, and business continuity.

University of Wales Press (UWP)

During 20/21 UWP have published 38 new books and 56 new journal articles across seven journals in the subjects of Welsh history, literature, language and culture, and new titles in key humanities subjects internationally.

UWP's new Welsh language publications this financial year include; *Y Dychymyg Ôl-Fodern: Golwg ar Ffuglen Fer Mihangel Morgan* by Rhiannon Marks; *Darllen y Dychymyg: Creu ystyron newydd i blant a phlentyn yn Llenyddiaeth y Bedwaredd Ganrif ar Bymtheg* by Siwan Rosser; *Ysbryd Morgan: Adferiad y Meddwl Cymreig* by Huw Williams; and *Hanes Cymry* by Simon Brooks.

Key new English language titles published this year include; *The Centenary Edition Raymond Williams Who Speaks for Wales? Nation, Culture, Identity* edited by Daniel Williams; *Eutopia: Studies in Cultural Euro-Welshness, 1850–1980* by M. Wynn Thomas; *Representing the Male: Masculinity, Genre and Social Context in Six South Wales Novels* by John Perrott Jenkins; *Industrial Gothic: Workers, Exploitation and Urbanization in Transatlantic Nineteenth-Century Literature* by Bridget M. Marshall; and *Chaucer and Italian Culture* by Helen Fulton.

UWP also publish two fully Open Access books this year; *Embodying Contagion: The Viropolitics of Horror and Desire in Contemporary Discourse* within our Horror series, edited by M. de Buin Molé et al and funded by the Dutch National Research Council; and *Blood, Land, Power: The Rise and Fall of the Spanish Nobility and Lineages in the Early Modern Period* within our Iberian and Latin American Series, written by Dr. M. Perez Garcia and funded by EU Horizon 2020. UWP continues to engage with and contribute to Open Access policy developments, including monitoring UK Research and Innovation (UKRI) policies and in advance of the Research Excellence Framework mandates. UWP are also working closely with other University Presses and JISC on new OA plans to be shared later this year.

UWP continue to publish the Wales Journal of Education (WJE) as fully bilingual and Open Access, with support from Welsh Government. Working with the Open Library of Humanities during 2020/21, UWP now offer the first Welsh/English journals submission and hosting site on their Janeway platform, and its authors, peer reviewers and Journal Editing team are now using this platform for their WJE publications.

UWP were delighted that its titles received recognition with the following awards this year; *Y Gyfraith yn ein Llên* by R. Hywel Parry was awarded the Hywel Dda Prize; and *Medieval Welsh Medical Texts: Volume One, The Recipes* by Diana Luft was awarded the Vernam Hull Memorial Prize. UWP titles were also nominated as follows; *Charms, Charmers and Charming in Ireland: From the Medieval to the Modern* edited by John Carey, Ciarán Ó Gealbháin, Ilona Tuomi and Barbara Hillers for the Katharine Briggs Award; *William Morgan: Eighteenth-Century Actuary, Mathematician and Radical* by Nicola Bruton Bennetts for the BSHS Hughes Prize longlist; *Plants in Science Fiction: Speculative Vegetation* edited by Katherine E. Bishop, David Higgins and Jerry Määttä, a top ten finalist for the Locus Award; *Darllen y Dychymyg* by Siwan Rosser for Wales Book of the Year Creative Non-fiction; and *New Queer Horror Film and Television* edited by J. Edgar Browning and D. Elliott Smith featured in bookauthority.org's 15 Best New Aesthetics Books To Read In 2021.

UWP commissioned two new series this year. A new series entitled *Race, Ethnicity: Wales and the World* with Series Editors Charlotte Williams OBE and Neil Evans. This series aims to; sustain and promote scholarship on race and ethnicity in Wales that enhances an understanding of Wales, its history, development and contemporary profile; promote multi-disciplinary research and publication in this field of study; and provide works that are accessible to a broad public and available for cross national comparison. Also, a major new series capturing growing interest and research into queer and trans studies entitled *Queer and Trans Intersections* with

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Series Editors Dr. Ardel Haefele-Thomas and Dr. Luke Chwala. The series aims to publish ground-breaking research with a global perspective, to include queer and trans subjects beyond the anglophone western canon.

The Press has supported the wider publishing sector in Wales by collaborating with publishing houses across the nation to found a new bilingual group called Cyhoeddi Cymru/Publishing Wales in 2020/21. This is the first whole-sector representation in line with Publishing Ireland, Publishing Scotland, Publishing New Zealand etc. This body aims to; give publishing in Wales an identity; put the Welsh publishing sector on the global map; champion and grow the publishing sector in Wales; encourage the growth of readers within Wales at all levels; encourage and support the growth of the Welsh language, multiculturalism, and diversity; and be a unified, authoritative voice for the sector. The body is financially supported by the Books Council of Wales and paid membership from publishing houses across Wales.

Dylan Thomas Centre

Located near UWTSD's SA1 Development, the Centre is home to a permanent exhibition to Dylan Thomas, which makes it a key part of Swansea's literary and cultural quarter. University investment in the building over the past few years has also transformed it into a multi-purpose and multi occupancy venue open to host a range of events and functions. The Centre is home to a 110 seat theatre and popular 1825 Coffee Shop.

During 2020-21 the Centre continued to be an integral part of the new UWTSD SA1 Campus which opened in September 2018. It also now hosts students and academic staff as part of the wider campus and its operating costs are funded by UWTSD.

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Financial Review

The consolidated results recorded a total comprehensive income for the year of £1.552m (2020: expense £607k). This was an overall movement from a deficit position in 2020 to a surplus position in 2021 amounting to £2.159m. This is mainly attributable to a gain in respect of investments and pension schemes amounting to £2.298m in total.

A summary of the financial performance is shown in the table below

Statement of Comprehensive Income summary

	Year ended 31 July 2021	Year ended 31 July 2020	Movement
	£'000	£'000	£'000
Income	2,383	3,818	(1,435)
Expenditure	(2,462)	(3,597)	1,135
	(79)	221	(300)
Endowment Transfer	(279)	-	(279)
Impairments	-	(97)	97
Loss on disposal of CBM Ltd	-	(343)	343
Deficit before other gains/(losses)	(358)	(219)	(139)
Gain/(loss) in respect of investments	585	(466)	1,051
Surplus/(Deficit) for the year	227	(685)	912
Actuarial gain in respect of pension schemes	1,325	78	1,247
Total comprehensive income/(expense) for the year	1,552	(607)	2,159

Income

Total consolidated income for the University in 2020-21 was £2.4m (£3.8m in 2019-20) which was a decrease of £1.4m.

Funding Council grants and Research grant income attributable with the Centre for Advanced Welsh and Celtic Studies (CAWCS) being discontinued in 2020-21 as these activities were transferred to UWTSD at the end of 2019-20.

Collaborative provision income was £1.5m (£1.6m in 2019-20) and was the largest source of funding for the university accounting for 62% of total income.

Other income was £785k (£1.4m in 2019-20). The decrease is attributable to income associated with the Centre for Advanced Batch Manufacture Ltd (CBM Ltd) and CAWCS being discontinued in 2020-21 as these activities were transferred to UWTSD at the end of 2019-20.

Investment income for the year was £121k (£132k in 2019-20).

OPERATING AND FINANCIAL REVIEW**Financial Review (continued)****Income analysis**

	Year ended 31 July 2021		Year ended 31 July 2020	
	£'000	%	£'000	%
Funding Council Grants	-	-	189	5.0
Research Grants and Other Contracts	-	-	442	11.6
Collaborative Provision	1,477	62.0	1,633	42.8
Other income	785	32.9	1,422	37.2
Investment income	121	5.1	132	3.5
	2,383	100.0	3,818	100.0
Total Consolidated Income	2,383		3,818	

Expenditure

Total consolidated expenditure for the University was £2.7m (£4.0m in 2019-20) which was a decrease of £1.3m.

Staff costs were £1.2m (£2.0m in 2019-20). The decrease was attributable to the transfer of costs associated with CBM Ltd and CAWCS being discontinued in 2020-21 as these activities were transferred to UWTSd at the end of 2019-20.

Operating Expenses costs were £1.0m (£1.2m in 2019-20). The decrease was attributable to the transfer of costs associated with CBM Ltd and CAWCS being discontinued in 2020-21 as these activities were transferred to UWTSd at the end of 2019-20.

Depreciation costs were £146k (£296k in 2019-20), again the decrease was attributable to the transfer of CBM Ltd and CAWCS activities to UWTSd and impairment costs were £Nil (£97k in 2019-20).

Pension interest costs were £54k (£96k in 2019-20).

Expenditure analysis

	Year ended 31 July 2021		Year ended 31 July 2020	
	£'000	%	£'000	%
Staff costs	1,081	39.4	2,631	65.1
Pension Service costs	139	5.1	(676)	(16.7)
Restructuring costs	8	0.3	12	0.3
	1,228	44.8	1,967	48.7
Academic and related expenditure	203	7.4	423	10.5
Administration and central services	337	12.3	201	5.0
Premises and central services	118	4.3	166	4.1
Other services and expenses	376	13.7	448	11.1
	1,034	37.7	1,238	30.7
Depreciation	146	5.3	296	7.3
Impairment	-	-	97	2.4
Interest payable	54	2.0	96	2.4
	200	7.3	489	12.1
Endowment transfer	279	10.2	-	-
Loss on disposal of CBM Ltd	-	-	343	8.5
Total Consolidated Expenditure	2,741	100.0	4,037	100.0

OPERATING AND FINANCIAL REVIEW

Financial Review (continued)**Balance Sheet**

The consolidated Balance Sheet discloses a net assets position of £3.8m as at 31 July 2021 (2020: £2.3m). When Pension liabilities are excluded the net asset position is £6.7m at 31 July 2021 (2020: £6.3m).

Total debtors were £1.4m at 31 July 2021 (2021: £0.7m). This is an increase from 2020 and is attributable to a related party.

Cash and cash equivalent balances were £3.8m at 31 July 2021 (2020: £1.7 m). An increase from 2020 due to an investment redemption from an investment fund which ceased in 2020-21. There is a corresponding reduction in the value of investments.

Total creditors were £2.6m at the year-end (2020: £2.4m). An increase from 2020 due to an increase in trade payables attributable to a related party.

Pension provisions and obligations were £2.8m at 31 July 2021 (2020: £4.0m). A decrease related to actuarial valuations.

Cash Flow

The consolidated net cash outflow from operating activities was £1k for the year (2020: £155k inflow) and the overall cash inflow was £2.1m (2020: £1.2m inflow).

Treasury Management and investments

In accordance with the University's Treasury Management Policy, the investment objective is to achieve the best possible returns while minimising risk. As at 31 July 2021 the value of fixed asset investments by the University was £0.8m (2020: £1.5m) and the value of the endowment investments was £1.7m (2020: £3.0m) together with the value of uninvested cash, redeemed from a ceased investment fund, of £2.5m. An amount of £2.7m is still due for transfer to the UW Restricted Endowment Trust from endowment investments and uninvested cash.

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Liquidity

The University has prepared cashflow forecasts for the 12 months from the date of the financial statements and is of the opinion that it will have sufficient cash resources and liquidity during this period to properly manage its affairs and planned operations. These forecasts indicate a positive cash flow in the year.

Pensions

The net liability in the local in-house final salary pension scheme has decreased during the year, from £3.8m to £2.7m.

Accounting standards require the University to recognise its obligations to contribute to the deficit of the University Superannuation Scheme (USS) and this liability is included in the pension provision and additional costs are processed through staff costs in the consolidated statement of income and expenditure. During the year the liability on the USS decreased by £83k to £139k (2020: £222k decrease).

Financial Health

The University is operating in a challenging economic environment which it is pro-actively managing. Key areas for management focus include:

- maintaining and being pro-active in the recruitment and retention of students;
- managing a change in the nature of core business with reduced reliance on historical collaborative activity and increased development of new and innovative delivery programmes in partnership with the University of Wales Trinity St David;
- maintaining a sufficient level of cash reserves to support ongoing operations ;
- managing cash flows, including the timely collection of receipts from collaborative partners to ensure sufficient working capital;
- responding to the changing political context of Higher Education in Wales;
- securing commitments made in the Wales Pledge and
- robustly managing increases in pension costs.

During 2020-21 the University experienced continued reductions in some income streams but has been taking proactive action to build upon innovative areas of activity with key partners with an emphasis on recruitment to local skills based courses in 2021-22 in partnership with the University of Wales Trinity St David.

Sustainability

The University considers sustainability on of the key risks that it faces, and maintaining financial security is the first listed enabler to achieving delivery of its strategic plan.

The University considers income generation and realisation of this income in cash as the most appropriate method of maintaining sustainability. A key metric reported on the University's position to governors is the ability to meet its future liabilities on existing cash reserves for a period of not less than 3 months

Cashflow management involves close management of the monthly cashflow, with regular updates provided to the University Council on performance, including visible risks or opportunities. At both the balance sheet date and the date of signing the accounts the University has no plans to enter into any material additional financial obligations.

The University has carefully managed the declining income from traditional sources and has divested from loss making activities within the institution in order to ensure its sustainability through the transitional period of establishing the future strategy detailed in the University Strategy section of this report

The University expects to maintain cash generation in 2021/22, despite the anticipated relatively short term impact of Covid-19 in 2020/21. It is also felt that the University has sufficient cash reserves at 31 July 2021 and a sensible budget for 2021/22 and 2022/23 that allows it to look at the medium term with confidence

OPERATING AND FINANCIAL REVIEW

that any additional financial impact from Covid-19 that is not within the budget assumptions, can be managed.

Going Concern

As outlined in the introduction, in October 2017 both the University of Wales and the University of Wales Trinity Saint David (UWTSD) approved a Deed which delivered on the original policy objective of integrating the two Universities, thus creating a new University for Wales. With the development of a new direction of the University of Wales being delivered through the business plan outlined in the University Strategy on page 5 this integration process has paused.

The University is confident that in the interim period of executing the business plan the University will continue to maintain a modest surplus and cash generation position. In addition, new funding streams for the University of Wales Press will be explored to build upon its brand identity and opportunities for integration into UWTSD will be taken forward. Under the above plans the University of Wales would remain as a separate legal entity with reduced powers to see out its obligations to registered students under the existing collaborative provision agreements.

Reserves of the University will continue to be applied appropriately to help finance the costs of its current obligations to students and to further invest in forward looking strategies that build upon the heritage and services of the University of Wales. Further work on historical debts will be expedited to maximise cash reserves available to the University moving forward. Appropriate measures will continue to be taken during 2021/22 and 2022/23 to ensure the University balances its budget prior to the execution of the new University strategy

The University has prepared cash flow forecasts to the end of July 2023 under the existing operating model, acknowledging that any income streams from the new strategy are anticipated from the 2023-2024 financial year.

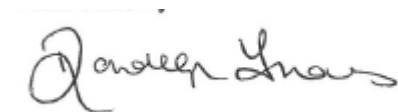
These forecasts indicate that the University is able to operate within its currently available financial resources and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. These forecasts include opportunities for growth within the Press and appropriate allocation of resources across the University

Accordingly, the Council have deemed it appropriate to use the going concern basis of preparation within these financial statements.

Risk Management / Risk Register

The Statement of Internal Control sets out the arrangements that are in place for risk management, including the continuing process of identifying, evaluating and managing risks.

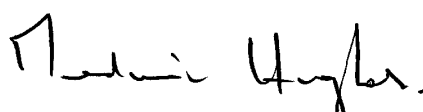
Comprehensive procedures are in place and risk registers are updated on a regular basis and monitored by senior management. A report is presented to each meeting of the Audit and Risk Committee.



The Venerable Randolph Thomas

Chair of University Council

University Registry,
King Edward VII Avenue,
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Professor Medwin Hughes

Vice Chancellor

University Registry,
King Edward VII Avenue,
Cathays Park,
Cardiff CF10 3NS

STATEMENT OF CORPORATE GOVERNANCE

Governance arrangements

In accordance with the University's Royal Charter, the Council is the governing body of the University and is responsible, through Statute, for approving the strategic plans for the University and for governing and regulating its finances, accounts, investments, property, business and affairs. Its Powers are set out in the University's Statutes and Ordinances. Since 1 August 2017, the administration of governance arrangements has been with UWTSD and there is a common practice across the two universities.

The Council comprises independent and staff and governors appointed under the Ordinances of the University, the majority of whom are non-executive. Members of Council are also trustees of the University. Vacancies for independent members are advertised externally and appointments are made following completion of an interview and selection process. The role of Chair of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. The Council is served by a Clerk who is responsible to the Chair.

The Council meets at least four times a year and also exercises its responsibilities through the executive management and several standing committees. A Scheme of Delegation sets out where decision-making authority in the name of, or on behalf of, the Council resides, and where this authority can and has been delegated. The standing committees are chaired by independent members of Council and all have a majority of independent members. Senior officers of the University attend meetings as necessary.

The standing committees of Council in 2020/21 were as follows:

- **Academic Committee**

Established in 2019/20, the Academic Committee provides advice to Council on its determination of the educational character of the University.

The Committee met on two occasions in 2020/21. It considered a range of issues within the scope of its remit, including reports on the student experience, the learning environment and international activities and quality assurance.

The membership was follows: Geraint Roberts (Chair); Sian Eirian; Emma Hughes; Gareth Hughes; Professor Medwin Hughes; James Mills; Matthew Peake; Victoria Provis; Georgia Thomas; Randolph Thomas; Dr Kerry Tudor; Deris Williams.

One member did not attend the first meeting and resigned before the second meeting. The attendance rate was otherwise 100%.

- **Audit and Risk Committee**

The Audit and Risk Committee oversees audit across the UWTSD Group, with terms of reference that are based on the model terms of reference set out in the *Higher Education Audit Committees Code of Practice* published by the Committee of University Chairs (CUC).

The Committee met on five occasions in 2020/21. It considered a range of issues within the scope of its remit, including internal and external audit plans and findings; the financial statements prior to their submission to Council; and the corporate risk register. The Committee also reviewed the performance of the Internal and External Auditors and made recommendations to Council in respect of their contracts.

The membership was follows: Arwel Ellis Owen (Chair); Tony Ball; Eileen Curry; Nigel Roberts; Dr Liz Siberry; Alun Walters; Deris Williams; Jayne Woods.

The independent and co-opted members had an average attendance rate of 100% and 58% respectively.

There is no cross-membership between the Audit and Risk Committee and the Resources and Performance Committee.

STATEMENT OF CORPORATE GOVERNANCE

- **Group Scrutiny Committee**

The Group Scrutiny Committee maintains oversight of the subsidiary companies of the University.

The Committee met on one occasion in 2020/21. It considered a range of issues within the scope of its remit, including an annual report on the subsidiary companies.

The membership was follows: Rowland Jones (Chair); Pam Berry; Professor Medwin Hughes; James Mills; Dr Stuart Robb; Maria Stedman; Randolph Thomas; Jayne Woods.

The attendance rate was 75%.

- **Nominations and Governance Committee**

The Nominations and Governance Committee is responsible for monitoring Council's corporate governance capability and governance arrangements for the University and the wider UWTSD Group. It monitors the composition and membership needs of the Council and makes recommendations for appointments to committees and other bodies.

The Committee met on three occasions in 2020/21. It considered a range of issues within the scope of its remit, including progress against the action plans arising from the Governance Effectiveness Review in 2019 and the Review of Governance of the Universities in Wales; the revised CUC Higher Education Code of Governance; and succession planning and the recruitment strategy for new independent governors.

The membership was as follows: Pam Berry (Chair); Andrew Curl; Tania Davies; Margaret Evans; Professor Medwin Hughes; James Mills; Maria Stedman; Randolph Thomas; Deris Williams.

One member did not attend on one occasion. The attendance rate was otherwise 100%.

- **Remuneration Committee**

The Remuneration Committee determines on an annual basis the salaries, terms and conditions and, where appropriate, the severance conditions of the Vice-Chancellor, Deputy Vice-Chancellors, the Pro Vice-Chancellors and the Clerk to the Council. As part of this process the Committee considers a range of external contextual and comparative measures in determining pay awards as set out in the annual Pay Policy Statement.

The Committee met on two occasions in 2020/21.

The membership was as follows: Pam Berry (Chair); Andrew Curl; Sian Eirian; Andrew Gibson; Eifion Griffiths; Dr Conny Matera-Rogers; James Mills; Randolph Thomas.

One member did not attend on one occasion. Another member did not attend the first meeting and resigned before the second meeting. The attendance rate was otherwise 100%.

- **Resources and Performance Committee**

The Resources and Performance Committee maintains oversight of strategic planning and the financial affairs of the University.

The Committee met on five occasions in 2020/21. It considered a range of issues within the scope of its remit, including strategic developments; financial performance against forecasts and budgets and institutional sustainability; pensions; and human resources matters.

The membership was as follows: Andrew Curl; Pam Berry; John Edge; Margaret Evans; Eifion Griffiths; Dr Gareth Hughes; Professor Medwin Hughes; Rowland Jones; Dr Conny Matera-Rogers; James Mills; Maria Stedman; Dr Geoffrey Thomas; Randolph Thomas.

STATEMENT OF CORPORATE GOVERNANCE

Two members attended four of the five meetings and one member attended two of the five. The attendance rate was otherwise 100%.

In addition, the Academic Board, which is the academic authority of the University and draws its membership mainly from the academic staff and students of the institution, also reports to Council. Its role is to direct and regulate the teaching and research work of the University.

CUC Higher Education Code of Governance

The University aspires to high standards of corporate governance. As a corporation founded by Royal Charter with charitable status, the University does not fall within the corporate governance reporting requirements of the London Stock Exchange, but it seeks to demonstrate that its governance is undertaken in an open and accountable manner and that it aspires to best practice within the higher education sector. All Council members are required to sign up annually to a *Code of Practice for Council Members* which sets out the standards of conduct and accountability which are expected of them in their role as governors of the University and charity trustees; the principles and values of the University and of public service more generally; and the University's approach to matters such as confidentiality and the declaration of interests.

The University's governance arrangements have been developed to reflect the principles and practices set out in CUC's *Higher Education Code of Governance*, published in December 2014 and revised in June 2018. In 2019 the Council undertook a Governance Effectiveness Review, with external input, which included holistic consideration of adherence to the Code and resulted in a published action plan. Through the Nominations and Governance Committee the Council has since reviewed the revised Code, published in September 2020. It has confirmed that all of the Primary Elements are in place and that adoption of all aspects of the Code will be complete following completion of its current work in relation to the Camm Review (see below).

Through its Remuneration Committee, Council reviewed compliance with CUC's Higher Education Senior Staff Remuneration Code (June 2018) in 2018/19. A further review was undertaken in 2020 in the light of the recommendations of the Camm Review. The University's practices adhere in full to the expectations of the Code. Through the Audit and Risk Committee, the Council has also confirmed that all elements of CUC's *Higher Education Audit Committees Code of Practice* (May 2020) have been adopted.

An internal audit of the Group's approach to Corporate Governance was undertaken in summer 2020 and provided substantial assurance on the adequacy of the control environment and the effectiveness of internal controls.

Camm Review of Governance of the Universities in Wales

The Council has welcomed the *Review of Governance of the Universities in Wales* by Gillian Camm ('the Camm Review'), the report of which was published in February 2020. In July 2020 the Council formally adopted the Governance Charter for Universities in Wales published by the Chairs of Universities Wales (ChUW) and Universities Wales and agreed an action plan in response to the accompanying Commitment to Action. By October 2021 the Council had made considerable progress with implementing the plan, including by:

- formally reviewing quantitative and qualitative data relating to organisational culture;
- confirming its expectations in respect of the size and shape of the governing body and the responsibilities and behaviours of governors;
- implementing a recruitment and induction strategy with a focus on diversity;
- reviewing the standing committee structure;
- confirming its approach to governor independence and conflict management;
- reviewing its arrangements for remuneration governance;
- completing a review of risk management policy;
- reviewing the internal audit process;
- commissioning an annual report on whistle-blowing; and
- approving the statements on independence, the role of the Secretary and annual reporting developed through the Welsh Clerks and Secretaries Group;

STATEMENT OF CORPORATE GOVERNANCE

- approving an approach to leadership succession planning; and
- adopting the new template for the Annual Report and Financial Statements 2020-21.

The Council's completion of its remaining work in relation to the Camm Review is now largely dependent on the completion of sector-wide work in relation to, for example, stakeholder engagement, and the development of a common approach to induction and development in support of retention.

STATEMENT OF CORPORATE GOVERNANCE

STATEMENT OF INTERNAL CONTROL

As the governing body of the University, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of the strategic plans, aims and objectives of the institution, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to Council in the Charter and Statutes.

The internal control system includes policies, regulations and plans; monitoring of financial and operational performance; segregation of duties; authorisation and approval procedures; information systems; and effective internal and external audit functions. It also includes an ongoing process designed to identify the principal risks to the achievement of the strategic plans and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. These systems have been in place for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements. The system accords with relevant guidance from the British Universities Finance Directors Group.

The system of internal control is designed to manage rather than eliminate the risk of failure in the achievement of business objectives; it therefore provides reasonable but not absolute assurance of effectiveness and not absolute assurance against material misstatement or loss.

The Audit and Risk Committee has specific authority delegated by the Council to monitor and review internal control matters on its behalf and to report to Council on these matters. Independent Internal Auditors undertake regular reviews of the systems of internal control; the scope of their work is determined, in advance, by the Audit and Risk Committee which receives their reports and recommendations. The areas for review are determined by their significance to the University's operations and the risks associated with their failure; they include operational and compliance matters as well as financial risk. The Internal Auditors attend each meeting of the Committee and meet privately with independent members on each occasion. The deliberations of the Audit and Risk Committee are reported at each meeting of the Council.

The University has established a robust methodology for evaluating and managing risk on a continuing basis, linked explicitly to the achievement of institutional objectives. The University risk register, which rates the likelihood and impact of identified risks, is maintained and regularly reviewed by the Senior Directorate. Registers are also maintained for discrete major projects and activities. The corporate risk register are considered at each meeting of the Audit and Risk Committee and changes are reported to the Council. The Risk Management Policy and the construction of the risk register were comprehensively reviewed in 2019/20 and proposed revisions were approved by the Council in July 2020. An internal audit of the Group's approach to Risk Management was undertaken in summer 2020 and provided substantial assurance on the adequacy of the control environment and the effectiveness of internal controls.

The Council's review of the effectiveness of the system of internal control is also informed by the work of senior officers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their year-end management letter and other reports.

No significant internal control weaknesses or failures have arisen during the financial year or after the financial year but before these financial statements have been signed.

STATEMENT OF CORPORATE GOVERNANCE

STATEMENT OF COUNCIL RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS

The Council is responsible for preparing the Annual Report, Operating and Financial Review and the Directors' Report and the financial statements in accordance with the requirements of the Memorandum of Assurance and Accountability issued by the Higher Education Funding Council for Wales (HEFCW) and applicable law and regulations and applicable law and regulations.

They are required to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the requirements of the Charities Act 2011. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction to Higher Education Institutions for 2020/21 issued by HEFCW.

The Council are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent University financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council are also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and the Financial Management Code have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES

INDEPENDENT AUDITOR'S REPORT TO COUNCIL OF UNIVERSITY OF WALES REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of University of Wales ("the University") for the year ended 31 July 2021 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated and University Statements of Changes in Reserves, Consolidated and University Balance Sheets, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2021, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under the Charters and Statutes of the institution and in accordance with section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Council's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the Group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Council, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council, Audit and Risk Committee, estates and other committees’ minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Obtaining a copy of the Group’s fraud register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at the Group level and requests to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees and other revenue grants is recorded in the wrong period, and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group’s wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. We tested journals based on the following high risk criteria: revenue journals posted to unrelated accounts; and unusual journal entries in relation to cash and borrowings.
- Inspecting cash receipts in the period prior to and following 31 July 2021 to verify collaborative provision income had been recognised in the correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Council and other management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the Council the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation, charities legislation and specific disclosures required by higher education legislation and regulation, including the Accounts Direction issued by the Higher Education Funding Council for Wales, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following area as that most likely to have such an effect: compliance with higher education regulatory requirements of the Higher Education Funding Council for Wales, recognising the regulated nature of the Group's activities and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Council is responsible for the other information, which comprises the Operating and Financial Review and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; and
- in our opinion the information given in Operating and Financial review and the Report of the Governors and Corporate Governance Statement, is consistent with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

INDEPENDENT AUDITORS REPORT TO THE COUNCIL OF UNIVERSITY OF WALES

Council responsibilities

As explained more fully in their statement set out on page 20, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

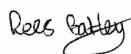
We are required to report on the following matters prescribed in the Higher Education Funding Council for Wales ('HEFCW') Audit Code of Practice issued under the Further and Higher Education Act 1992 and in the Financial Management Code issued under the Higher Education (Wales) Act 2015.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes (or articles of government for post 1992 institutions);
- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them and used for the purposes for which they were received; and
- the requirements of HEFCW's accounts direction have been met.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council and in accordance with the with the section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council for our audit work, for this report, or for the opinions we have formed.



Rees Batley

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

3 Assembly Square

Britannia Quay

Cardiff

CF10 4AX

6 April 2022

CONSOLIDATED AND UNIVERSITY STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 July 2021		Year ended 31 July 2020	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Funding body grants	1	-	-	189	189
Research grants and contracts	2	-	-	442	442
Other income	3	2,262	2,262	3,055	2,695
Investment income	4	121	121	132	132
Total Income		2,383	2,383	3,818	3,458
Expenditure					
Staff costs	5	1,220	1,220	1,955	1,634
Fundamental restructuring costs	5	8	8	12	12
Other operating expenses	7	1,034	1,032	1,238	926
Loss on disposal	7a	-	-	343	-
Endowment transfer	7b	279	279	-	-
Depreciation and impairments	8	146	146	393	255
Interest and other finance costs	6	54	54	96	96
Total expenditure		2,741	2,739	4,037	2,923
Surplus/(deficit) before other gains(losses)		(358)	(356)	(219)	535
Gain/(loss) on fixed assets investments	9	197	197	(150)	(150)
Gain/(loss) on endowment investments	9	388	388	(316)	(316)
Surplus/(deficit) for the year		227	229	(685)	69
Actuarial gain/(loss) in respect of pension schemes	20	1,325	1,325	78	78
Total comprehensive income/(expense) for the year		1,552	1,554	(607)	147
Total comprehensive income/(expense) for the year from					
Continuing operations		1,552	1,554	192	584
Discontinued operations	7a	-	-	(799)	(437)
		1,552	1,554	(607)	147
Represented by:					
Endowment comprehensive income/(expense) for the year		469	469	(226)	(226)
Unrestricted comprehensive income/(expense) for the year		1,083	1,085	(381)	373
		1,552	1,554	(607)	147
Surplus/(deficit) for the year attributable to					
University		(358)	(356)	(38)	535
Non-controlling interest		-	-	(181)	-
		(358)	(356)	(219)	535
Total comprehensive income for the year attributable to					
University		1,552	1,554	(426)	147
Non-controlling interest		-	-	(181)	-
		1,552	1,554	(607)	147

The notes on pages 29 to 48 form part of these financial statements.

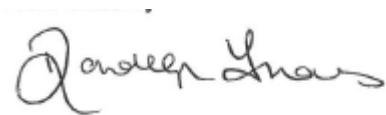
CONSOLIDATED AND UNIVERSITY STATEMENTS OF CHANGES IN RESERVES

Consolidated	Income and Expenditure Account		Investment Revaluation Reserve	Total Excluding Non- Controlling Interest	Non- Controlling Interest	Total
	Endowment	Unrestricted				
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	5,436	(3,918)	1,366	2,884	(654)	2,230
Surplus/(deficit) from the income and expenditure statement	(226)	(128)	(150)	(504)	(181)	(685)
Other comprehensive income	-	78	-	78	-	78
Transfers between revaluation reserve and I&E Account	-	75	(75)	-	-	-
Release of restricted funds in year	(350)	350	-	-	-	-
Total comprehensive income/(expense) for the year	(576)	375	(225)	(426)	(181)	(607)
Movements in relation to subsidiary disposal	-	(181)	-	(181)	834	653
Balance at 1 August 2020	4,860	(3,724)	1,141	2,277	-	2,277
Surplus/(deficit) from the income and expenditure statement	469	(439)	197	227	-	227
Other comprehensive income	-	1,325	-	1,325	-	1,325
Transfers between revaluation reserve and I&E Account	-	85	(85)	-	-	-
Total comprehensive income for the year	469	971	112	1,552	-	1,552
Balance at 31 July 2021	5,329	(2,753)	1,253	3,829	-	3,829
University	Income and Expenditure Account	Unrestricted	Investment	Total		
	Endowment		Revaluation			
	£'000	£'000	Reserve	£'000		
			£'000			
Balance at 1 August 2019	4,458	(4,745)	1,340	1,053		
Surplus/(deficit) from the income and expenditure statement	(226)	445	(150)	69		
Other comprehensive income	-	78	-	78		
Transfers between revaluation reserve and I&E Account	-	75	(75)	-		
Release of restricted funds in year	(350)	350	-	-		
Impairment of subsidiary investments	-	-	-	-		
Total comprehensive income/(expense) for the year	(576)	948	(225)	147		
Group transfer	978	77	26	1,081		
Balance at 1 August 2020	4,860	(3,720)	1,141	2,281		
Surplus/(deficit) from the income and expenditure statement	469	(437)	197	229		
Other comprehensive income	-	1,325	-	1,325		
Transfers between revaluation reserve and I&E Account	-	85	(85)	-		
Total comprehensive income for the year	469	973	112	1,554		
Other reserves movement	-	(4)	-	(4)		
Balance at 31 July 2021	5,329	(2,751)	1,253	3,831		

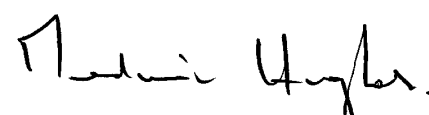
CONSOLIDATED AND UNIVERSITY STATEMENTS OF FINANCIAL POSITION (Charity Number: 1146516)

	Notes	As at 31 July 2021		As at 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Tangible Fixed assets	8	1,519	1,519	1,649	1,649
Investments	9	2,525	2,525	4,497	4,497
		4,044	4,044	6,146	6,146
Current assets					
Stock	11	112	112	115	115
Trade and other receivables	12	1,367	1,367	712	712
Cash and cash equivalents	16	3,772	3,772	1,696	1,696
		5,251	5,251	2,523	2,523
Less: Creditors: amounts falling due within one year	13	(2,622)	(2,620)	(2,416)	(2,412)
Net current assets/(liabilities)		2,629	2,631	107	111
Provisions					
Pension provisions	20	(139)	(139)	(222)	(222)
Pension obligation to defined pension scheme	20	(2,705)	(2,705)	(3,754)	(3,754)
Net assets		3,829	3,831	2,277	2,281
Restricted Reserves					
Income and expenditure reserve - endowment reserve	14	5,329	5,329	4,860	4,860
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		(2,753)	(2,751)	(3,724)	(3,720)
Revaluation reserve	15	1,253	1,253	1,141	1,141
Total Reserves		3,829	3,831	2,277	2,281

The financial statements were approved by the Governing Body on 31 March 2022 and were signed on its behalf on that date by



The Venerable Randolph Thomas (Chair)



Prof Medwin Hughes (Vice-Chancellor)

The notes on page 29 to 48 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		227	(685)
Adjustment for non-cash items			
Depreciation	8	146	296
Investment income	4	(121)	(132)
Decrease/(increase) in stock	11	3	(8)
(Increase)/decrease in debtors	12	(655)	866
Increase in creditors	13	206	270
Decrease in other provisions		-	(34)
USS Pension costs	5	(85)	(934)
UWSS Pension costs	5	224	258
Loss on disposal of CBM Ltd	7a	-	343
Interest payable	6	54	96
Adjustment for NCI result		-	(181)
Net cash inflow from operating activities		(1)	155
Cash flows from investing activities			
Disposal of non-current asset investments	9	919	75
Disposal of endowment asset investments	9	1,638	350
Investment income	4	40	42
Endowment income	4	81	90
Fair value (increase)/decrease in investments	9	(585)	466
Impairment of investment assets	9	-	97
Net cash inflow from investing activities		2,093	1,120
Cash flows from financing activities			
Capital purchases		(16)	-
Repayment of finance lease		-	(85)
		(16)	(85)
Increase in cash and cash equivalents in the year	16	2,076	1,191
Cash and cash equivalents at beginning of the year		1,696	505
Cash and cash equivalents at end of the year		3,772	1,696

STATEMENT OF ACCOUNTING POLICIES

a. **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS102).

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention, except in relation to investment properties, current asset investments and derivative financial instruments carried at fair value.

b. **Basis of consolidation**

The consolidated financial statements consist of the financial statements of the University and its subsidiary companies, Awen Wales Limited for the financial year 31 July 2020 and UW Centre for Advanced Batch Manufacture Limited for the period 1 August to 1 July 2020. Intra-group transactions have been eliminated fully on consolidation. The subsidiary company, The Centre for Advanced Welsh and Celtic Studies, was dissolved in 2019/20.

c. **Going Concern**

The activities of the University and its subsidiaries, together with the factors likely to affect its future development and performance, are set out in the Operating and Financial review. The financial position of the University and its subsidiaries, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes. The financial statements are prepared on a going concern basis which the senior management and Council believe to be appropriate for the following reasons.

As outlined in the introduction in October 2017 both the University of Wales and the University of Wales Trinity Saint David (UWTSD) approved a Deed which delivered on the original policy objective of integrating the two Universities, thus creating a new University for Wales. With the development of a new direction of the University of Wales being delivered through the business plan outlined in the University Strategy on page 5 this integration process has paused.

The University is confident that in the interim period of executing the business plan the University will continue to maintain a modest surplus and cash generation position. In addition, new funding streams for the University of Wales Press will be explored to build upon its brand identity and opportunities for integration into UWTSD will be taken forward. Under the above plans the University of Wales would remain as a separate legal entity with reduced powers to see out its obligations to registered students under the existing collaborative provision agreements.

Reserves of the University will continue to be applied appropriately to help finance the costs of its current obligations to students and to further invest in forward looking strategies that build upon the heritage and services of the University of Wales. Further work on historical debts will be expedited to maximise cash reserves available to the University moving forward. Appropriate measures will continue to be taken during 2021/22 and 2022/23 to ensure the University balances its budget prior to the execution of the new University strategy

The University has prepared cash flow forecasts to the end of July 2023 under the existing operating model, acknowledging that any income streams from the new strategy are anticipated from the 2023-2024 financial year. These forecasts indicate that the University is able to operate within its currently available financial resources and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. These forecasts include opportunities for growth within the Press and appropriate allocation of resources across the University.

The University has recorded a surplus of £227k in the year and has a cash reserve of £3.7m at 31 July 2021 after cash generation of £2.1m in the year. Based on the forecasts for 2021/2022 and 2022/2023 the University has sufficient cash and cash generating resources to meet its obligations as they fall due.

Consequently, the Council is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

STATEMENT OF ACCOUNTING POLICIES

d. **Income recognition**

Income from the sale of goods or services is credited to the Consolidated and University Statements of Comprehensive Income when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Investment income is credited to the Consolidated and University Statements of Comprehensive Income on a receivable basis.

Grant Funding

Government grants including funding council block grant; research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and the performance related conditions have been met.

Donations and Endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

There are two types of donations and endowments within reserves:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
2. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital Grants

Capital grants are recorded in income when the University is entitled to the income subject to any performance related conditions being met.

e. **Accounting for retirement benefits**

The two principal pension schemes for the University's staff, are the Universities Superannuation Scheme (USS) and the University of Wales Superannuation Scheme (UWSS). The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

The USS Pension schemes is a multi-employer schemes for which it is not possible to identify the assets and liabilities applicable to university members due to the mutual nature of the schemes and therefore the schemes are accounted for as a defined contribution retirement benefit schemes. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk

STATEMENT OF ACCOUNTING POLICIES

(that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

f. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

g. Foreign Currency

The functional currency is £ Sterling. Transactions in foreign currencies are translated to £ sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

h. Fixed Assets

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and Buildings

Costs (including irrecoverable VAT costs) incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives up to a maximum of 50 years.

No depreciation is charged on assets in the course of construction.

Equipment

Equipment, including computers and software, costing less than de-minimus of £5,000 per individual item or group of items is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer Equipment	4 years
Equipment acquired for specific research projects	3-5 years
Other Equipment	10 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

STATEMENT OF ACCOUNTING POLICIES

i. Investments

Non-current investments are held on the Balance Sheet at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less Impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Consolidated and University Statements of Comprehensive Income.

Investments are shown at market value. It is the University's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising relating to previous years. As a result, the Statement of Comprehensive Income does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings, as they are treated as changes in the valuation of the investment portfolio throughout the year.

j. Stock

Stock is held at the lower of cost and net realisable value. Cost represents the invoice price of the stock.

Stocks of books held by the University of Wales Press are valued at the lower of cost and net realisable value and are written down after two or five years from the date of publication as determined by UW Press management. The cost of journal is written off in the year of publication.

k. Financial Instruments

Trade and other debtors/creditors

Trade and other debtors and creditors are recognised initially at transaction price net of attributable transaction costs. Subsequent to initial recognition they are measured at amortised costs less any impairment losses in the case of trade debtors.

Interest bearing borrowings

Interest-bearing borrowings other than public benefit entity concessionary loans are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Concessionary loans are recognised initially at the amount received or paid and subsequently measured at cost plus any accrued interest payable or receivable.

Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value

l. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

STATEMENT OF ACCOUNTING POLICIES

A contingent asset arises where an event has taken place that gives the University a probable asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

m. Accounting for joint ventures and associates

The University accounts for its share of joint ventures and associates using the equity method.

The University accounts for its share of transactions from joint operations and jointly controlled assets within the Consolidated and University Statements of Comprehensive Income.

n. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

o. Reserves

Reserves are classified as restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

p. Accounting estimates and judgements – key sources of estimation uncertainty

Defined benefit pension scheme assumptions

The University has a number of defined benefit pension schemes. The valuation of the liabilities on each defined benefit scheme is calculated using a financial and demographic model to present a single scenario from a wide range of possibilities. The schemes' actual experience will inevitably differ from the assumptions underlying the financial and demographic model. The differences may be material because the valuation is very sensitive to the assumptions made over a long period of time. Please see note 20 for assumptions used in the valuation of pension assets and liabilities

NOTES TO THE ACCOUNTS

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Funding body grants				
Recurrent grant				
Higher Education Funding Council Wales	-	-	189	189
	-	-	189	189

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
2 Research grants and contracts				
UK Central Government	-	-	290	290
BIS Research Council	-	-	152	152
	-	-	442	442

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
3 Other income				
Collaborative Provision fees	1,477	1,477	1,633	1,633
Other services rendered	126	126	737	470
Sales of publications	442	442	280	280
Publication grants	111	111	179	179
Other income	106	106	226	133
	2,262	2,262	3,055	2,695

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
4 Investment income				
Investment income on endowments-unrestricted	3	3	3	3
Investment income on endowments-restricted	78	78	87	87
Other investment income	40	40	42	42
	121	121	132	132

NOTES TO THE ACCOUNTS

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
5 Staff costs				
Salaries	840	840	1,993	1,744
Social security costs	85	85	211	186
Movement on USS provision	(85)	(85)	(934)	(934)
Movement on UWSS obligation	224	224	258	258
Other pension costs	156	156	427	380
	1,220	1,220	1,955	1,634

Emoluments of the Vice-Chancellor

The post of Vice Chancellor and Chief Executive is held by the Vice Chancellor of University of Wales: Trinity St. David who is employed by that institution and not by the University of Wales. In recognition of the services provided by the Vice-Chancellor and Chief Executive the University reimbursed University of Wales: Trinity St. David the sum of £59,800 in 2020-21 towards the basic salary and associated pension costs of the post. (2019-20 contribution: £59,600). This amount represented 20% of the Vice-Chancellor's salary. These costs are recognised in other operating expenses and not within staff costs.

Emoluments of the Vice-Chancellor paid by the University of Wales: Trinity St David

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Salary	233	232
Monetary value of benefits: Health Insurance	3	3
Monetary value of benefits: Accommodation	11	11
	247	246
Pension contributions to USS	52	52
	299	298

Remuneration of other higher paid staff, excluding employer's pension contributions (subject to the relevant HEFCW accounts direction) all shown before any salary sacrifice:

	Year ended 31 July 2021 No.	Year ended 31 July 2020 No.
£150,000 to £154,999	-	1
	-	1

There were no other higher paid staff in the year.

There was no compensation payable to other higher paid staff in year (2020 : £Nil).

NOTES TO THE ACCOUNTS

5 Staff costs (continued)

	Year ended 31 July 2021	Year ended 31 July 2020
Average staff numbers by:	No.	No.
Academic departments	-	16.1
Non-academic departments	24.0	37.6
	24.0	53.7

There are no key management personnel that require separate disclosure.

Restructuring Costs

The University accounts for restructuring costs in the period that the cost is incurred, where a restructuring plan has been communicated but not fully concluded at the Balance Sheet date and amounts due to be paid are recognised on the Balance Sheet and within the Statement of Comprehensive Income in the year that the plan was communicated.

	Year ended 31 July 2020		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Paid to employees on termination of employment	8	8	12	12

Trustees

The University's Council members are the trustees for charitable law purposes. The trustees who served in the year, and up to the signing date of these financial statements are listed on page 3.

Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. Other than the expenses paid in the year referenced below there were no transactions in the year with any members.

No Council member has received any remuneration/waived payments from the group during the year (2020 - £nil).

The total expenses paid to or on behalf of 15 council members was £Nil (2020: £1k to 15 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity

NOTES TO THE ACCOUNTS

5 Staff costs (continued)**Vice-Chancellor Remuneration Statement**

The ratio of the salary of the Vice Chancellor compared to the median average of the University is 8.2:1 (6.5:1 for the University of Wales : Trinity St David) and the ratio of the total remuneration of the Vice Chancellor compared to the median average of the University is 8.0:1 (6.9:1 for the University of Wales : Trinity St David).

The Remuneration Committee noted the Vice Chancellor's current salary was the lowest in the HEFCW comparator group.

The Vice Chancellor is also Vice Chancellor of the University of Wales. 20% of the Vice Chancellor's emoluments are recharged to the University of Wales. The emoluments and ratios disclosed above represent 100% of the Vice Chancellor's emoluments.

The Vice Chancellor has a significant breadth of responsibility spanning Higher Education and Further Education. This includes the University of Wales Trinity St David, The University of Wales, Coleg Sir Gar and Coleg Ceredigion. Within UWTSd, there has been an expansion of responsibility in Birmingham and London. In recognition of the financial context of the University and the restructuring programme, no change to the Vice Chancellor's salary was made for 2019/2020. 100% of the Vice Chancellor's emoluments are disclosed in these accounts and do not take into account any recharge to the University of Wales

The University Council is responsible for establishing a Standing Committee of the Council, known as the Remuneration Committee, to determine fair and appropriate remuneration for the Vice Chancellor, the Deputy Vice Chancellors, the Pro Vice Chancellors and the Clerk to the Council.

The Remuneration Committee is responsible for reviewing and determining on an annual basis the salaries, terms and conditions and, where appropriate the severance conditions of the above senior post-holders. The Committee membership includes a staff member of Council and a student member of Council (see page 16). The Vice Chancellor is not a member.

The Remuneration Committee adheres to the Higher Education Senior Staff Remuneration Code, published by the CUC. Its deliberations take account of the context in which the institution operates. It considers the value delivered by an individual acting within a role based on relevant components for the UWTSd context. The Committee considers appropriate comparative information of other Universities to inform its decisions including the annual rate of increase of the average remuneration of all other staff. It also considers the Corporate Risk Register and a report on complaints made to the University by students, staff and external persons. The Committee makes every effort to ensure that all recommendations are fair and consider the institutional interest, key stakeholders and partners including the student community and wider society. The safeguarding of public funds also forms part of its deliberations.

The Chair of the Remuneration Committee is responsible for presenting the recommendations of the Remuneration Committee to the University's Council.

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
6 Interest and other finance costs				
Net charge on USS pension scheme	2	2	18	18
Net charge on UWSS pension scheme	52	52	78	78
	54	54	96	96

NOTES TO THE ACCOUNTS

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Analysis of other operating expenses by activity				
Academic and related expenditure	203	203	423	423
Administration and central services	337	337	201	199
Premises related expenditure	118	118	166	166
Other services and expenses	376	374	448	138
	1,034	1,032	1,238	926

Other operating expenses include:

External auditor's remuneration in respect of audit services:

Audit related assurance services –	Consolidated	£28,200	University	£26,000
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	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7a Discontinued operations				
Fixed assets disposal	-	-	260	-
Stock transfer	-	-	14	-
Debtors transfer	-	-	29	-
Creditors transfer	-	-	(92)	-
LT Creditors transfer	-	-	(702)	-
Reversal of Non-Controlling Interest Reserve	-	-	834	-
Loss on disposal	-	-	343	-
Funding Council grants	-	-	189	189
Research grants and contracts	-	-	442	442
Other income	-	-	390	30
Less				
Staff costs	-	-	(1,302)	(980)
Operating expenses	-	-	(353)	(91)
Depreciation	-	-	(165)	(27)
Deficit for the year	-	-	(799)	(437)

In 2019-20 control of CBM Ltd was transferred to UWTSD on 1 July 2020. The loss on the disposal amounted to £343k as detailed above. The income and expenditure attributable to this discontinued operation is also detailed above. The figures for 2019-20 are for the 11 months to 30 June 2020 whilst the prior year comparators are for the full year.

In 2019-20 the activities at CAWCS was transferred to UWTSD on 1 July 2020. The income and expenditure attributable to this discontinued operation is also detailed above. The figures for 2019-20 are for the 11 months to 30 June 2020 while the prior year comparators are for the full year.

7b Endowment transfer

In 2018-19 The Gregynog Estate was transferred to an independent charitable trust being The Gregynog Trust (Charity No 1180943) under a Business Transfer Agreement signed on 21 June 2019. As part of this agreement there was a subsequent transfer of a restricted endowment trust amounting to £279k in 2020-21.

NOTES TO THE ACCOUNTS

8 Tangible fixed assets**Consolidated****Cost or valuation**

At 1 August 2020

Additions in the year

Revaluation

Disposals

At 31 July 2021

At 1 August 2020

Charge for the year

Disposals

At 31 July 2021**Net book value****At 31 July 2021**

At 31 July 2020

Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Totals £'000
---	---	-----------------

2,528 1,467 3,995

- 16 16

- - -

- - -

2,528 1,483 4,011

978 1,368 2,346

79 67 146

- - -

1,057 1,435 2,492**1,471 48 1,519**

1,550 99 1,649

Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Totals £'000
---	---	-----------------

2,528 1,467 3,995

- 16 16

- - -

- - -

2,528 1,483 4,011

978 1,368 2,346

79 67 146

- - -

1,057 1,435 2,492**1,471 48 1,519**

1,550 99 1,649

University**Cost or valuation**

At 1 August 2020

Additions in the year

Revaluation

Disposals

At 31 July 2021

At 1 August 2020

Charge for the year

Disposals

At 31 July 2021**Net book value****At 31 July 2021**

At 31 July 2020

NOTES TO THE ACCOUNTS

	Fixed Asset Investments £'000	Endowment Investments £'000	Other investments £'000	Total £'000
9 Non-current investments				
Consolidated				
At 1 August 2020	1,518	2,979	-	4,497
Additions	-	-	-	-
(Decrease)/increase in market value	197	388	-	585
Disposals	(919)	(1,638)	-	(2,557)
Impairments	-	-	-	-
At 31 July 2021	796	1,729	-	2,525

	Fixed Asset Investments £'000	Endowment Investments £'000	Other investments £'000	Total £'000
University				
At 1 August 2020	1,518	2,979	-	4,497
Additions	-	-	-	-
(Decrease)/increase in market value	197	388	-	585
Disposals	(919)	(1,638)	-	(2,557)
Impairments	-	-	-	-
At 31 July 2021	796	1,729	-	2,525

10 Other Investments**Consolidated – International University Malaya-Wales**

The University owns 100% of the issued share capital of £1 ordinary shares of Awen Wales Limited, a company, registered in England and Wales and operating in the U.K. Through the company, as at 31 July 2020, the University had taken up 7% of a maximum 40% investment in the International University Malaya-Wales, a joint venture initiative between the University of Malaya and the University of Wales. This investment amount is £224,000 but has been fully impaired in a prior year.

University – UW Centre for Advanced Batch Manufacture Ltd

At the 31st July 2019 the University had a 51% holding in the UW Centre for Advance Batch Manufacturing Ltd, the company undertakes research and consultancy to develop industrial specific solutions for SMEs. On the 1st July 2020 the University disposed 200,000 A shares to University of Wales Trinity St David for nil consideration and acquired 200,000 B shares from University of Wales Trinity St David for nil consideration. The increase in A shares, which have voting rights, give the University of Wales Trinity St David the controlling interest in the company and at which point its assets and liabilities were removed from the University of Wales' group balance sheet. At the date of disposal the University held an investment in this company to the value of £1.327m which has been fully impaired in a prior year.

NOTES TO THE ACCOUNTS

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
11 Stock				
Books for resale	106	106	110	110
Other	6	6	5	5
	112	112	115	115

Stock is valued at the lower of its cost and net realisable value on a average basis

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
12 Trade and other receivables				
Amounts falling due within one year:				
Research grants receivable	-	-	41	41
Trade debtors	1,360	1,360	671	671
Prepayments and accrued income	7	7	-	-
	1,367	1,367	712	712

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
13 Creditors				
Amounts falling due within one year:				
Trade creditors	1,122	1,120	933	929
Social security and other taxation payable	41	41	86	86
Receipts in advance	273	273	184	184
Accruals and deferred income	188	188	215	215
Welsh Church Act balances	998	998	998	998
	2,622	2,620	2,416	2,412

The Welsh Church Act balances represent those amounts held on the Beneficiaries Fund. These balances are distributed in arrears to the beneficiaries under the Welsh Church Acts; namely the university institutions at Aberystwyth, Bangor, Cardiff and Swansea (3/16ths each), the University of Wales itself and the National Library of Wales (1/8th each). The balance due to the University itself is shown as deferred income. The funds are also held to cover the current and future administration costs and are distributed to the benefactors at the discretion of the Trustees and are therefore disclosed as a short term creditor.

NOTES TO THE ACCOUNTS

	Restricted permanent endowment £'000	Unrestricted permanent endowment £'000	2021 Total £'000	2020 Total £'000
14 Endowment funds				
Consolidated and University				
Restricted net assets relating to endowments are as follows:				
Balance at 1 August	4,752	108	4,860	5,436
New endowments	-	-	-	-
Investment income	78	3	81	90
Expenditure	-	-	-	-
Disposals	-	-	-	(350)
Increase/(decrease) in market value of investments	375	12	388	(316)
Total endowment comprehensive income for the year	453	15	468	(576)
Balance at 31 July	5,205	123	5,329	4,860

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
15 Fixed asset investments				
Consolidated and University				
Balances at 1 August	1,141	1,141	1,366	1,340
Disposals	(85)	(85)	(75)	(75)
Increase/(decrease) in market value of investments	197	197	(150)	(150)
Movement on reserves	-	-	-	26
Total fixed asset comprehensive income for the year	112	112	(225)	(199)
Balance at 31 July	1,253	1,253	1,141	1,141

	At 31 July 2021 £'000	Cashflow £'000	At 1 August 2020 £'000
16 Cash and cash equivalents			
Consolidated and University			
Current assets	1,346	(350)	1,696
Investment Cash uninvested	2,471	2,471	-
Balance at 31 July	3,817	2,121	1,696

NOTES TO THE ACCOUNTS

17 Intercompany Transactions

The company has taken advantage of the disclosure exemptions of 100% owned related party transactions under FRS102.

The transactions with related parties that are not 100% owned by the group are disclosed below:

University of Wales Trinity St David is deemed a related party in that it has key management personnel in common with the University - Balances : £906,000 receivable (2020: £13,000), £474,000 payable (2020: £132,000) Total income £878,000 (2020: £1,468,000) Total expenditure £2,000 (2020: £1,000).

University of Wales Trinity St David's utilises the DTC and CAWCS buildings, which are owned by the University of Wales. No consideration is received by the University for the use of these buildings.

UW Centre for Advanced Batch Manufacture Limited is a related party in that it is a subsidiary company that the University had a minority interest. During the year the University provided further financing of £Nil (2020: £Nil) into the subsidiary. Balances: £126,000 payable (2020: £Nil).

The University maintains a register of Council member interests, the scope of which includes interests of connected persons to the members. There have been no transactions in the year with any individual or company on the Register of Interests.

Payments to Council members in relation to their duties are disclosed in note 6.

18 Contingent Liabilities

There have been no material events in the period between 31st July 2021 and the signing of the accounts on the 31 March 2022.

The University is a member of UMAL, a company limited by guarantee, formed to provide a mutual association for insurance risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their prorated share, spread using an internal loan facility over seven years.

19 Non adjusting Post Balance Sheet Events

As set out in Note 20 in respect of the USS pension scheme a further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Recalculating the USS provision on the basis of these contributions, and assuming all other assumptions used to calculate the provision remained unchanged, would result in a revised obligation to fund the deficit of £34.2m as at 31 July 2021. Negotiations continue and an increase to this level is considered remote.

If the Schedule of Contributions remains unchanged, the University's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions

There have been no material events in the period between 31st July 2021 and the signing of the accounts on the 31 March 2022.

NOTES TO THE ACCOUNTS

20 Pension schemes

University of Wales Superannuation Scheme (UWSS)

The University operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 July 2019 and updated to 31 July 2021 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The actuarial valuation showed a deficit of £609k. The university has agreed with the trustees that it will aim to eliminate the deficit over a period of 7 years and 2 months from 31 July 2019 i.e. by 30 September 2026 with a payment of additional contributions of £50k in respect of the deficit. The first of these payments was made on or before 31 July 2021 and will continue for 6 years, with each instalment due before 31 July each year until 2026. In addition, and in accordance with the actuarial valuation, the university has agreed with the trustees that it will pay 27.6% until 30 November 2020 and 20.0% from 1 December 2020 of pensionable earnings in respect of the cost of accruing benefits and will meet expenses of the scheme and levies to the Pension Protection Fund. Member contributions are payable in addition at a rate of 8.0% of pensionable pay.

Present values of defined benefit obligation, fair value of assets and defined benefit liability:

	31 Jul 2021 £'000	31 Jul 2020 £'000
Defined benefit obligation	(13,221)	(12,949)
Fair value of plan assets	10,516	9,195
Net defined benefit liability	(2,705)	(3,754)
Restriction on asset recognised	-	-
Net amount recognised at year end (before adjustment for deferred tax)	(2,705)	(3,754)

Defined benefit costs recognised in comprehensive income statement are:

	31 Jul 2021 £'000	31 Jul 2020 £'000
Service cost:		
Current service cost (net of employee contributions)	234	189
Administration expenses	139	254
Loss/(gain) on scheme introductions, changes, curtailments and settlements – GMP equalisations	-	-
Net interest expense/(credit)	52	78
Charge/(credit) recognised in the profit or loss	425	521
Remeasurements of the net liability:		

Defined benefits costs recognised in other comprehensive income:

	31 Jul 2021 £'000	31 Jul 2020 £'000
Return on scheme assets (excluding amount included in net interest expense) – gain/(loss)	1,493	(147)
Experience gains and losses arising on scheme liabilities - gain	160	-
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities – gain/(loss)	(328)	225
Total amount recognised in other comprehensive income - gain	1,325	78

NOTES TO THE ACCOUNTS

University of Wales Superannuation Scheme (UWSS) (continued)

The principal actuarial assumptions were:

	31 July 2021	31 July 2020
Liability discount rate	1.60%	1.35%
Inflation assumption – RPI	3.20%	2.80%
Inflation assumption – CPI	2.80%	2.00%
Rate of increase in salaries	3.60%	3.25%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.30%	2.00%
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.40%	1.90%
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.80%	2.00%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.20%	2.80%
Allowance for commutation of pension for cash at retirement	50.00%	50.00%

The mortality assumptions adopted at 31 July 2021 imply the following life expectancy:

Life expectancy at age 64 (Years):

Male retiring in 2021	22.0
Female retiring in 2021	24.5
Male retiring in 2041	23.4
Female retiring in 2041	26.0

The best estimate of contributions to be paid by the university to the scheme for the period commencing 1 August 2021 is £137k.

	Assets £'000	Liabilities £'000	Total £'000
Reconciliation of scheme assets and liabilities:			
At start of period	9,195	(12,949)	(3,754)
Benefits paid	(477)	477	-
Administrative expenses	-	(139)	(139)
Current service cost	-	(234)	(234)
Contributions from employer	149	-	149
Contributions from employees	34	(34)	-
Interest income/(expense)	122	(174)	(52)
Return on assets (excluding amount included in net interest expense)	1,493	-	1,493
Actuarial gain/(losses)	-	(168)	(168)
At end of period	10,516	(13,221)	(2,705)

NOTES TO THE ACCOUNTS

University of Wales Superannuation Scheme (UWSS) (continued)

	31 July 2021 £'000	31 July 2020 £'000
The scheme assets are as follows:		
UK Equities	-	161
Overseas Equities	4,197	3,578
Corporates	-	-
Gilts	-	-
Index Linked	2,198	1,741
Property	-	-
Alternative Assets	-	-
Diversified growth fund	4,023	3,665
Cash	98	50
Total market value of assets	10,516	9,195

None of the fair value of the assets shown above include any direct investments in the university's own financial instruments property occupied by, or other assets used by, the university.

At 31 July 2021, the methodology for calculating the discount rate has changed. The University has changed the assessment of what constitutes a high-quality corporate bond for the purposes of establishing the discount rate under FRS 102.28.17. The Mercer yield curve used is a single discount rate which, when used to discount the projected benefit cashflows underlying a pension scheme with a 22-year duration, would give broadly the same result as using a full AA corporate bond yield curve to discount the same cashflows. This results in an assumption at 31 July 2021 of 1.60% p.a.

The University has updated its approach to setting RPI and CPI inflation assumptions in light of RPI reform published on 25 November 2020. The University continued to set RPI inflation in line with the market break-even expectations less an inflation risk premium of 0.2%. For CPI, the University increased the assumed difference between the RPI and CPI by 0.1% to an average of 0.9% per annum. The impact of this change in the CPI methodology is an increase of the Defined Benefit Obligation of 1.25% (£165K).

NOTES TO THE ACCOUNTS

USS

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

The total credit charged to the Consolidated Statement of Comprehensive Income is £85k (2020: credit £934k). Deficit recovery contributions due within one year for the University are £7k (2020: £24k).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth and latest valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Discount Rate (forward rates)	Years 1-10	CPI + 0.14% reducing linearly to CPI – 0.73%
	Years 11-20	CPI + 2.52% reducing linearly to CPI – 1.55%
	Years 21+	CPI + 1.55%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.	

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	<u>Pre-retirement</u>
	71% of AMC00 (duration 0) for males and 112% of AC00 (duration 0) for females
Future improvements to mortality	<u>Post-retirement</u>
	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
	CMI_2017 with a smoothing parameter of 8.5 and an long term improvement rate of 1.8% p.a for males and 1.6% p.a for females

NOTES TO THE ACCOUNTS

USS (continued)

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 years	24.6	24.4
Females currently aged 65 years	26.1	25.9
Males currently aged 45 years	26.6	26.3
Females currently aged 45 years	27.9	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%, until 31 March 2028. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2020
Discount rate	0.87%	0.73%
Pension growth (CPI)	2.00%	2.08%

Consolidated and University

	31 July 2021 £'000	31 July 2020 £'000
Opening deficit	(222)	(1,138)
Deficit contributions paid during the year	7	24
Movement in provision to reflect new deficit recovery agreement	78	910
	85	934
Interest in the form of the discount unwind	(2)	(18)
Closing deficit	(139)	(222)